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GENERAL MANAGER'S ANNUAL REPORT 2026

Dear Members,

As Acting General Manager, it is my pleasure to report to members at the 54th Annual General Meeting on the management and activities of Laurieton United Services Club.

Since taking on the role, my immediate priorities have been to:

- maintain operational continuity across the Club Group;
- support our dedicated management team and staff; and
- uphold the high standards of service expected by members at Laurieton United Services Club and Kew Country Club.

Understanding the Financial Result

Upon reviewing the Annual Report and Financial Statements for the year ended 30 June 2026 members will understandably have questions about the financial loss. In this report, I aim to explain clearly the factors that contributed to this result. To do this we need to understand the change processes and what occurred during the financial year.

Accounting System Transition - At the end of the 2024–25 financial year, the LUSC Group moved to a new accounting system. This move was not well managed, resulting in problems with reporting going forward.

These challenges affected the reliability and timeliness of financial reporting. For much of the year, the profit and loss reports did not include accurate comparative information nor was there a budget constructed to monitor the financial performance of the club. This resulted in significant cost increases across the business due to insufficient control by previous management.

To help members understand the issues, I provide the following detail to help reconcile the difference from the financial performance year on year.

Financial Performance

Year-on-Year Result

The Club's financial result changed significantly between the two reporting periods:

- **2024–25:** profit of $528,777;
- and **2025–26:** loss of $326,955;
- **Year-on-year movement:** decrease of $855,732.

Some of the major increases that have affected the bottom line are:

Operational
Employee expenses increased by $370,798, or 8.68% across bar & gaming, the Boardwalk Bistro and Jetty Cafe. (Cpi Wage increase in July 2025 was 3.5%)
Administration expense increases of $222,006 across Payroll Tax, advertising, computer expenses and consultant fees.

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Non-Operational
Poker Machine expenses were up $53,257 due to higher gaming taxes paid.
Grant income down by $126,851.
Depreciation increased by $106,569 due the Jetty being finalised.
Finance costs increased by $66,561 due to a new loan facility.

Positive Operating Cash Flow
Despite the reported loss, the Club generated $795,675 in net cash from operating activities during the year.

Strengthening Financial Governance

Financial Oversight

To ensure management and the Board have greater understanding of the financial performance of the club for the 2026–27 financial year, the following financial plans have been approved:

- an operating budget;
- a capital expenditure budget; and
- a cash-flow forecast.

Further, management and the Finance Committee will continue to meet monthly to monitor performance against these plans to support the Club's goals for the year ahead.

Looking Ahead

Looking ahead, 2026/27 will be an important year of consolidation and careful planning for the Club. Management and the Board of Directors will continue to build on the positive growth achieved in recent years, while maintaining a strong focus on improving the Club's financial performance and ensuring its long-term sustainability.

As our facilities continue to age, we also recognise the need to plan responsibly for future capital investment across both LUSC and KCC. By working collaboratively, management and the Board are focused on balancing continued growth with responsible investment, ensuring our Clubs remain financially sustainable, welcoming and well positioned to serve our members and community for many years to come.

Staff/Team

Behind every successful Club is a dedicated team, and I would like to sincerely acknowledge the contribution of our people during what has been a challenging period.

At LUSC, Operations Manager Meg Monaghan continues to lead with professionalism and an unwavering commitment to our members and community. Since commencement in June 2026, our new Finance Officer, Kristen Swain and the administration team have managed the transition to our new accounting systems with great care, while Dakota Bonney has delivered an engaging calendar of events and promotions. Head Chef Heshan Harsha and his team continue to provide quality meals across our three dining venues, Jaimee-Lee Cagney has maintained a thriving functions program, Ros Foley keeps our members well supplied with their daily coffees in the Deck Café, and Neil McIntosh who continues to supply the club with a perfect beer from our cellar every day.

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To our supervisory team, Katrina, Tammy and Marcus, thank you for your dedication and willingness to step up, particularly during periods of staffing pressure.

At KCC, Operations Manager Dean Noble has led another successful year of golf, minigolf, bowls and social events. Brendan Hansard and his team continue to maintain the course and bowls greens to an exceptional standard, while Luke Garel ensures our members enjoy their golf.

To all our staff, including the many not mentioned individually, thank you for your service, commitment and hard work. Your contribution is what enables us to provide the experiences our members value.

This year has again demonstrated the importance of resilience and teamwork. Thank you all!

Closing

To the Board of Directors, I would like to sincerely thank you for your guidance, support and vision throughout my short tenure as Acting General Manager of Laurieton United Services Club.

To our members, thank you for your loyalty, trust and continued support. You are the reason we exist, and everything we do ultimately comes back to providing you with a Club you can be proud to call your own.

My tenure as Acting General Manager will conclude on 7 December 2026, when I will have the privilege of handing over the leadership of Laurieton United Services Club and Kew Country Club to Adam McGregor. I would like to take this opportunity to welcome Adam to the Club and wish him every success in the role. I am confident that Adam will bring his own experience, leadership and vision to the Club. I encourage everyone to welcome Adam to the LUSC Group family and give him every opportunity to build strong relationships with our members and our wider community.

Whilst our leadership is changing, the purpose of the Club remains the same: to provide a welcoming, financially sustainable and vibrant club that serves its members and contributes positively to the community.

Sincerely,

David Haggett
Acting General Manager